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INCUTECH INVESTMENTS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 356)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

INTERIM RESULTS AND CONDENSED ACCOUNTS

The Board of Directors (the “Board”) of Incutech Investments Limited (the “Company”) hereby presents the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2010 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2010

	<i>Note</i>	Six months ended 30 June 2010 (Unaudited) HK\$	Six months ended 30 June 2009 (Unaudited) HK\$
Turnover	3	–	–
Loss on disposal of listed investments		–	(94,705)
Unrealised (loss)/surplus on listed investments		(712,368)	873,420
Other revenue		–	1
Investment management fee		(300,000)	(321,445)
Operating expenses		(1,658,943)	(2,240,321)
Finance costs	4	(263,203)	(234,974)
Loss before taxation	5	(2,934,514)	(2,018,024)
Taxation	6	–	–
Loss for the period attributable to equity holder of the Company		(2,934,514)	(2,018,024)
Other comprehensive income for the period		–	–
Total comprehensive loss for the period attributable to equity holders of the Company		<u>(2,934,514)</u>	<u>(2,018,024)</u>
Loss per share	7	<u>(4.08 cents)</u>	<u>(2.80 cents)</u>
Interim dividend		<u>Nil</u>	<u>Nil</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2010

	30 June 2010 (Unaudited) HK\$	31 December 2009 (Audited) HK\$
NON-CURRENT ASSETS		
Property, plant and equipment	1	3,990
Available-for-sale investments	<u>2</u>	<u>2</u>
	<u>3</u>	<u>3,992</u>
CURRENT ASSETS		
Investments held for trading	6,921,480	7,633,848
Loans receivable	2	2
Prepayments and other receivables	164,027	159,578
Bank balances and cash	<u>102,516</u>	<u>21,217</u>
	<u>7,188,025</u>	<u>7,814,645</u>
CURRENT LIABILITIES		
Short term loans	7,154,266	6,891,063
Other payables and accruals	6,516,214	5,285,893
Due to a director	4,011,467	3,201,086
Tax payable	<u>1,005,082</u>	<u>1,005,082</u>
	<u>18,687,029</u>	<u>16,383,124</u>
NET CURRENT LIABILITIES	<u>(11,499,004)</u>	<u>(8,568,479)</u>
NET LIABILITIES	<u><u>(11,499,001)</u></u>	<u><u>(8,564,487)</u></u>
CAPITAL AND RESERVES		
Share capital	720,000	720,000
Reserves	<u>(12,219,001)</u>	<u>(9,284,487)</u>
SHAREHOLDERS' FUNDS	<u><u>(11,499,001)</u></u>	<u><u>(8,564,487)</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2010

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited interim financial statements for the six months ended 30 June 2010 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

In preparing the interim financial statements, the directors of the Company (“Directors”) have given careful consideration to the future liquidity of the Group in light of a loss of HK\$2,934,514 for the six months ended 30 June 2010 and the Group’s net current liabilities and net liabilities as at 30 June 2010 amounted to HK\$11,499,004 and HK\$11,499,001 respectively. The Directors have been taking steps to improve the liquidity of the Group. These steps include (i) extending the Group’s short term loans upon maturity; (ii) securing the financial support from the substantial shareholder; (iii) negotiating with the suppliers to reschedule the payments of the Group’s expenditures; and (iv) exploring the possibility to conduct fund raising activities. Provided that these measures are successful and can effectively improve the liquidity position of the Group, the Directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future. Accordingly, the interim financial statements have been prepared on a going concern basis.

The interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s financial statements for the year ended 31 December 2009. They have been prepared on the historical cost basis, except that available-for-sale investments and investments held for trading are stated at fair values.

The accounting policies and methods of computation applied in preparation of the interim financial statements are consistent with those applied in preparing the Group’s financial statements for the year ended 31 December 2009. The adoption of the new/revised Hong Kong Financial Reporting Standards (“HKFRS”), which collective term includes all applicable individual HKFRS, HKAS and Interpretations issued by the HKICPA that are relevant to the Group and effective from the current period, did not have any significant effect on the financial position or performance of the Group.

The Group has not early adopted any new and revised HKFRS that have been issued but are not yet effective for the current period. The Group has already commenced an assessment of the impact of these new and revised HKFRS but is not yet in a position to reasonably estimate whether these new and revised HKFRS would have a significant impact on the Group’s results of operations and financial position.

2. TURNOVER AND REVENUE

The principal activities of the Group are investments in securities listed on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) and unlisted investments.

3. SEGMENT INFORMATION

The information reported to the chief operating decision maker of the Group is focused on the categories of the investments. The Group’s operating and reportable segments under HKFRS 8 are as follows:

Listed securities – Investments in securities listed on the Stock Exchange

Unlisted securities – Investments in unlisted securities

Segment revenues and results

The following is an analysis of the Group’s results by reportable segment:

Six months ended 30 June 2010 (Unaudited)

	Listed securities HK\$	Unlisted securities HK\$	Total HK\$
Segment results	<u>(712,368)</u>	<u>–</u>	(712,368)
Unallocated expenses			<u>(2,222,146)</u>
Loss for the period			<u>(2,934,514)</u>

Six months ended 30 June 2009 (Unaudited)

	Listed securities HK\$	Unlisted securities HK\$	Total HK\$
Segment results	<u>778,715</u>	<u>–</u>	778,715
Unallocated expenses			<u>(2,796,739)</u>
Loss for the period			<u>(2,018,024)</u>

Segment result of listed securities represents dividend income from listed securities, realised gain/loss on disposals of investments in listed securities and fair value gain/loss on investments in listed securities. Segment result of unlisted securities represents fair value gain/loss on investments in unlisted securities and gain/loss on disposals of investment in unlisted securities. With the nature of securities business, no segment revenue is presented.

Segment assets

The following is an analysis of the Group's assets by reportable segment:

	30 June 2010 (Unaudited) HK\$	31 December 2009 (Audited) HK\$
Listed securities	6,921,480	7,633,848
Unlisted securities	<u>2</u>	<u>2</u>
Total segment assets	6,921,482	7,633,850
Unallocated assets	<u>266,546</u>	<u>184,787</u>
	<u>7,188,028</u>	<u>7,818,637</u>

For the purposes of monitoring segment performances and allocating resources between segments, all assets are allocated to reportable segments other than property, plant and equipment, loans receivable, prepayments, other receivables and bank balances.

Geographical information

No geographical information is presented as the Group operates in Hong Kong only.

4. FINANCE COSTS

	Six months ended 30 June 2010 (Unaudited) HK\$	Six months ended 30 June 2009 (Unaudited) HK\$
Interest on unsecured short term loans	<u>263,203</u>	<u>234,974</u>

5. LOSS BEFORE TAXATION

	Six months ended 30 June 2010 (Unaudited) HK\$	Six months ended 30 June 2009 (Unaudited) HK\$
Depreciation	3,989	57,116
Listing fees	72,500	72,500
Rental charges under operating leases in respect of rented premises	276,471	293,584
Staff costs, including directors' emoluments	<u>1,039,200</u>	<u>1,039,200</u>

6. TAXATION

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group has no assessable profits for the six months ended 30 June 2010 and 2009.

7. LOSS PER SHARE

The calculation of the basic loss per share for the six months ended 30 June 2010 is based on the Group's loss attributable to the equity holders of HK\$2,934,514 and the weighted average number of 72,000,000 ordinary shares in issue during the period. Basic loss per share for the six months ended 30 June 2009 is based on the Group's loss attributable to equity holders of HK\$2,018,024 and the weighted average number of 72,000,000 ordinary shares in issue during the prior period.

No diluted loss per share is presented since the Group did not issue any dilutive potential ordinary shares during both periods presented.

INTERIM DIVIDEND

The Board of Directors has resolved not to pay any interim dividend for the period ended 30 June 2010 (2009: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

After a strong rebound in 2009, the global financial markets have turned lower during the period under review, reflecting the continued uncertainty of the current global financial markets and economies.

The year of 2010 started out as a challenging year. China's annual gross domestic product (the "GDP") growth chalked up unexpectedly strong for the first quarter at 11.9%. China's economy cooled in the second quarter, as the Chinese Central Government implemented various measures to curtail such high growth and the GDP growth rate has moderated to about 10.3% per annum.

In such a volatile environment, the investment policies and investment portfolio in Hong Kong will continue to be managed in a conservative and prudent attitude, with a special emphasis on risk management.

BUSINESS REVIEW AND PROSPECTS

The Group reported a net loss from operation of HK\$2,934,514 as at 30 June 2010 as compared with a loss from operation of HK\$2,018,024 in 2009. During the period under review, the Company had not made any new investment. The Group's portfolio of investment comprises mainly securities listed in Hong Kong. As at 30 June 2010, the Group held listed securities investments at market value of approximately HK\$6,921,480 (2009: HK\$7,633,848).

For the ongoing global economic recovery, China is expected to stay on track through 2010 despite slowing export and tightening liquidity. China had adopted austerity measures to cooling down real estate prices by increasing bank reserve ratio, tightening on bank loan, limiting state-owned enterprise to withdraw from real estate investment, and increasing down payment from 40% to 50% on second homes. The financial and investment markets remain high volatile and unpredictable.

The Board is optimistic in the long-term economic prospect of Hong Kong and China. The management will carefully assess all potential investment to ensure that the risk is under manageable level as well as with sustainable income stream across various sectors to enhance the returns to the Group and shareholders.

The Group will also consider fund raising exercise to strengthen the financial position of the Group when suitable situation arise. With more financial resources, the Group will expand its investment opportunities in order to stabilize the return to the Group's operating results in the years to come.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30 June 2010, the Group's current ratio was 0.38, based on the current assets of HK\$7,188,025 and current liabilities of HK\$18,687,029. The Group's gearing ratio was not applicable.

As at 30 June 2010, the Group had cash and cash equivalents of HK\$102,516 and net financial asset investments of approximately HK\$6,921,480.

Capital Structure

There has been no change to the capital structure of the Company since 1 January 2010.

Material Acquisitions and Disposals of Subsidiaries

The Group has not made any material acquisition or disposal of subsidiaries during the period ended 30 June 2010.

Capital commitment and contingent liabilities

As at 30 June 2010, no material capital commitment and contingent liabilities were noted by the directors of the Company.

Share Options

The Company does not have a share option scheme.

EMPLOYMENT AND REMUNERATION POLICIES

As at 30 June 2010, the Group employed a total of 4 employees (2009: 4) including the executive directors of the Company. The remuneration packages consist of basic salary, mandatory provident fund, medical insurance, and other benefits considered as appropriate. Remuneration packages are generally structured by reference to market terms, individual qualification and performance. They are under periodic review based on individual merit and other market factors.

STAFF COST

The Group's total staff costs for the period under review amounted to HK\$1,039,200 (2009: HK\$1,039,200).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group's assets and liabilities are denominated in Hong Kong Dollars and, therefore, the Group has no significant exposure to foreign exchange fluctuation.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the period under review, the Company has not redeemed any of its securities and neither the Company nor any of its subsidiaries has purchased or sold any of the Company's securities.

INVESTMENT MANAGEMENT AGREEMENT AND CONTINUING CONNECTED TRANSACTIONS

The Company's investment portfolio is managed by Hua Yu Investments Management Limited (the "Investment Manager"), in accordance with the terms and conditions of an investment management agreement (the "Investment Management Agreement") entered into between the Company and the Investment Manager dated 23 February 2009.

The Investment Manager is regarded as a connected person of the Company under Rule 21.13 of the Rule Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rule"). Accordingly, the Investment Management Agreement constitutes a continuing connected transaction of the Company.

The Investment Manager is appointed for a term of two years commencing from 1 March 2009. During the six months period ended 30 June 2010, investment management fees of HK\$300,000 were charged by the Investment Manager (2009: HK\$200,000).

The transaction was entered into by the Company in the ordinary and usual course of business in accordance with the terms of the Investment Management Agreement, conducted on normal commercial terms and is subject to reporting and announcement requirements under Charter 14A of the Listing Rules. The transaction had been reviewed by the independent non-executive Directors and obtained approval from the Board.

On 28 February 2009, the Company terminated the investment management agreement with Upbest Assets Management Limited (“UAM”), the former investment manager. UAM is a wholly owned subsidiary of Upbest Group Limited in which the Company holds an investment. The management fee charged during the six months period ended 30 June 2009 by UAM was amounted to HK\$121,445.

AUDIT COMMITTEE

The Company established an audit committee in accordance with rule 3.21 of the Listing Rules, for the purpose of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The audit committee of the Company has reviewed the interim results for the period ended 30 June 2010.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had complied with the code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in the Model Code. Having made specific enquiry of all Directors, they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transaction by the Directors adopted by the Company.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

In the opinion of the Directors, the Company has complied with the Code of Best Practice (“Code”) as set out in Appendix 14 to the Listing Rules throughout the period under review, except that the independent non-executive Directors are not appointed for a specific term as required by paragraph 7 of the Code, but are subject to retirement by rotation in accordance with the Bye-Laws.

None of the existing independent non-executive directors of the Company is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the Code. However, all the directors of the Company are subject to the retirement provisions under paragraph(1) of article 88 of the Articles of Association of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on HKExnews at www.hkexnews.hk and on the website of the Company at www.hklistedco.com/356.asp. The 2010 interim report of the Company will be despatched to the shareholders of the Company and will be available on both websites in due course.

By order of the Board
Tung Tat Wah
Chairman

Hong Kong, 24 August 2010

As at the date of this announcement, the Board is comprised of Mr. Tung Tat Wah and Mr. Michael Wu Chun Wah as executive Directors; Mr. Allan Kwok Ming Fai, Mr. Robert Siu Siu Ling, and Mr. Stephen Lee Ming Ching, as independent non-executive Directors.